

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: <u>Charter Township of Meridian</u>	County Ingham
Audit Date December 31, 2003	Opinion Date April 30, 2004	Date Accountant Report Submitted To State: June 28, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 1111 Michigan Avenue		City East Lansing	State Michigan
ZIP 48823			
Accountant Signature <i>Plante & Moran, PLLC</i>			

Charter Township of Meridian Ingham County, Michigan

**Comprehensive Annual Financial Report
With Supplemental Information
Year Ended December 31, 2003**



Charter Township of Meridian Ingham County, Michigan

**Comprehensive Annual Financial Report
With Supplemental Information
Year Ended December 31, 2003**

Introductory Section

Charter Township of Meridian, Ingham County, Michigan

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Charter Township of Meridian, Ingham County, Michigan

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April 30, 2004

To the Township Board and the
Citizens of the Charter Township of Meridian:

The comprehensive annual financial report of the Charter Township of Meridian for the year ended December 31, 2003, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the Charter Township of Meridian issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups, and component unit of the Charter Township of Meridian. All disclosures necessary to enable the reader to gain an understanding of the Charter Township of Meridian's activities have been included.

The comprehensive annual financial report (CAFR) contains different statements and information than was contained in previous CAFRs. The statements for the fiscal year ending December 31, 2003, were prepared in accordance with Statement No. 34 of the Government Accounting Standards Board (GASB #34) entitled "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." Previously, the financial statements provided information about individual funds of the Township. These funds established by the Township show restrictions on planned use of resources or to measure, in the short term, the revenues and expenditures arising from municipal activities. While some of the statements in the CAFR are still on an individual fund basis, GASB #34 requires new government-wide financial statements, which were prepared using accrual accounting for all government activities. These statements at the government-wide level will help readers assess the finances of the government in its entirety; determine if the Township's overall financial position improved or deteriorated, and see how the Township invested in capital assets like water mains, sewers, parks, etc. The government-wide statements are aimed at looking at the Township as a whole and how it looks in the long term. Also included is a new section called Management Discussion and Analysis, which is intended to give an easily readable analysis of the Township's financial performance for the year.

To the Township Board and the
Citizens of the Charter Township of Meridian

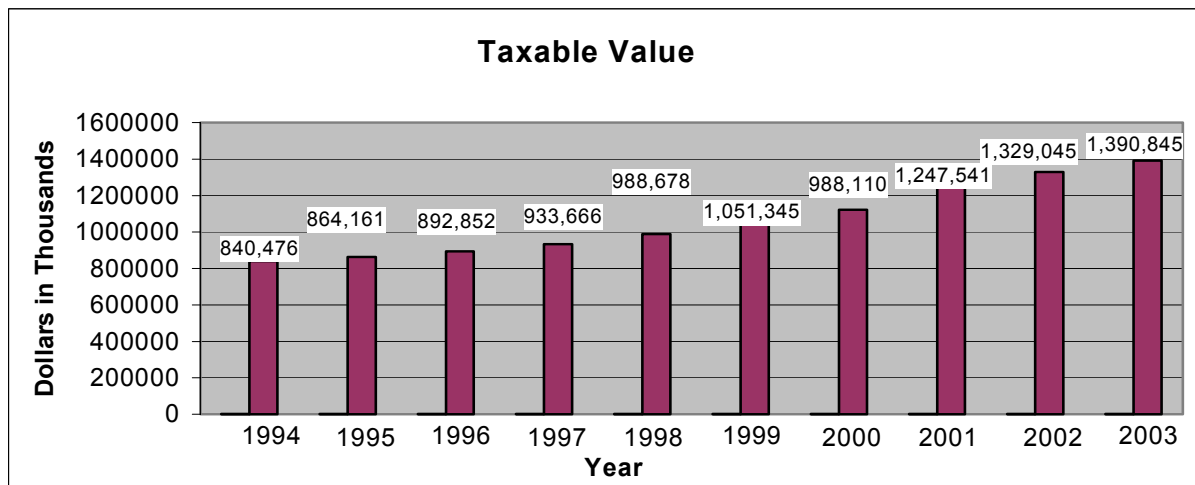
The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, the Certificate of Achievement for Excellence in Financial Reporting, and a list of the Charter Township of Meridian's principal elected and appointed officials. The financial section includes the Auditor's Report; Management Discussion and Analysis, Government-wide Financial Statements; Fund Financial Statements; Notes to Financial Statements; Required Supplemental Information, and Other Supplemental Information. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Governmental Structure, Local Economic Condition, and Outlook

The governmental unit, organized in 1842 and chartered in 1959, is located on approximately 32 square miles in the south-central area of Lower Michigan. The municipality is a largely residential area located east of Lansing, the State Capital, and immediately adjacent to East Lansing, home of Michigan State University, and is part of the Lansing Metropolitan Area.

The Charter Township of Meridian (the Township) was established pursuant to Act 359, Public Act of Michigan, 1947, as amended. The Township is governed by a Township Board, which is composed of a part-time Supervisor, full-time Clerk and Treasurer, and four Trustees serving four-year terms. The Board is vested with all legislative powers, except those otherwise provided by law. The chief administrative officer is the Township Manager who is appointed by the Township Board and serves at its pleasure. The Manager is responsible for carrying out the policies and ordinances of the Township Board, for overseeing the day-to-day operations of the government, and for appointing the heads of the Township's departments.

The Charter Township of Meridian continues to be an attractive community for residential construction and commercial development. The chart below details the rise in State Equalized Value (taxable value beginning in 1995) over the last ten years which, combined with a relatively constant tax rate, has allowed services to keep up with the demand of increased population and business activity. In 2003, the number of building permits issued decreased by 2.2 percent and the value of new construction decreased 19.0 percent from the previous year - which is related entirely to commercial development. The activity in residential development is expected to continue over the next several years.



To the Township Board and the
Citizens of the Charter Township of Meridian

Governmental Structure, Local Economic Condition, and Outlook (Continued)

The sluggish State economy and reduced tax rates have resulted in lower State revenue sharing to the Township. In 2003, State Shared Revenue was more than \$250,000 (7.1 percent) less than 2002. The Township reduced expenditures to meet this challenge. Further reductions are anticipated in future years.

Major Initiatives

The Township's staff, following specific directives from the Board and Manager, has been involved in a variety of projects throughout the year. These projects reflect the Township's commitment to promote the safety and welfare of its residents as well as investing in the infrastructure vital to sustaining quality service delivery.

The following accomplishments are indicative of the commitment to maintaining a quality community:

- Invested \$1,100,000 in local street resurfacing.
- Purchased the commercial property located immediately south of Fire Station #1 for future replacement of the existing station.
- Continued the Grand River Corridor Advisory Task Force and developed a demonstration project to improve one bus stop located across from Meijer on Grand River Avenue.
- Coordinated the National Citizen Survey, wherein 1,200 residents were sent surveys with 37.5 percent responding. A summary of the responses and comparative data with other communities was prepared for the news media and citizenry.
- Accepted land donations totaling 75.33 acres and purchased 13.36 acres for the Land Preservation Fund.
- Substantially completed development of Hartrick Park on Hulett Road, Okemos. Total project cost was \$1,064,000 and will provide 3 ball fields, picnic and pavilion area, and nature trails.
- Oversaw the installation of approximately .96 miles of pedestrian/bicycle pathway and .84 miles of water main.

To the Township Board and the
Citizens of the Charter Township of Meridian

Financial Information

Internal Controls: Management of the Township is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Budgetary Controls: the Township maintains extensive budgetary controls. Formal budgets are adopted for all funds on a functional level. However, budgetary controls are exercised at a line item level for internal control purposes. The government maintains an encumbrance accounting system. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

2003 Financial Condition: The financial condition and results of operations for 2003 are discussed in the Management Discussion and Analysis section of the CAFR. The Township continues to maintain a strong financial position and provide services from current revenues.

Pension Plan: The Charter Township of Meridian provides a pension plan for all full-time employees. The Township contributes either to its own defined benefit pension plan, a defined benefit plan through the Michigan Municipal Employees' Retirement System, or a defined contribution plan through the International City Management Association. Benefits and contributions vary according to individual collective bargaining agreements.

Deferred Compensation Plan: The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Debt Administration: At year-end, the Township had a limited number of debt issues outstanding. These issues included \$1,295,000 in general obligation bonds, \$160,000 in special assessment bonds, \$1,720,646 in installment loans, and \$3,772 in a land contract payable. The Township has an A+ rating from Standard and Poor's Corporation and an A1 rating from Moody's Investor Service on general obligation bond issues.

There were no new bonds issued in 2003.

To the Township Board and the
Citizens of the Charter Township of Meridian

Financial Information (Continued)

Cash Management: It is the policy of the Township to invest public funds in the manner which will provide the highest investment return, with the maximum security, while meeting the daily cash flow demands of the Township and conforming to all state statutes and local ordinances governing the investment of public funds. The funds of the Township are invested in accordance with Michigan Public Act 20 of 1943, as amended by Public Act 196 of 1997, and as further amended from time to time. The Township's long-term goal is to have an average maturity portfolio of six months to eighteen months.

Risk Management: The Township is covered through the Michigan Municipal Liability and Property Pool for claims relating to property loss, torts, and errors and omission; the Michigan Municipal Workers Compensation Fund for claims relating to workers' compensation; and Canada Life for disability and life insurance purposes.

Other Information

Independent Audit: An annual audit, required by state statute, of accounts, financial records, and transactions has been completed by the independent certified public accountants of Plante & Moran, PLLC as selected by the Township.

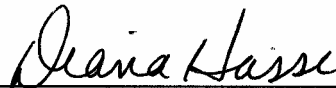
Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Charter Township of Meridian for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002.

Acknowledgments: The preparation of this report could not have been accomplished without the efficient and dedicated services of the Accounting and Budgeting Department and the Treasurer's Department.

Respectfully submitted,



Gerald J. Richards
Township Manager



Diana Hasse, CPA
Director of Finance

To the Township Board and the
Citizens of the Charter Township of Meridian

Charter Township of Meridian
List of Elected and Appointed Officials
December 31, 2003

Elected Officials

Supervisor	Susan McGillicuddy
Clerk	Mary M. G. Helmbrecht
Treasurer	Bruce D. Hunting
Trustee	Julie Brixie
Trustee	Steve Stier
Trustee	Andrew J. Such
Trustee	Anne M. Woiwode

Appointed Officials

Manager	Gerald J. Richards
Asst. Manager/Personnel Director	Paul Brake
Finance Director	Diana Hasse
Parks & Recreation Director	LuAnn Maisner
Assessor	Scott Cunningham
Community Planning and Development Director	Mark Kieselbach
Engineering and Public Works Director	Ray Severy
Fire Chief	Fred Cowper
Police Chief	Gary Gibbons

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Charter Township of Meridian, Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

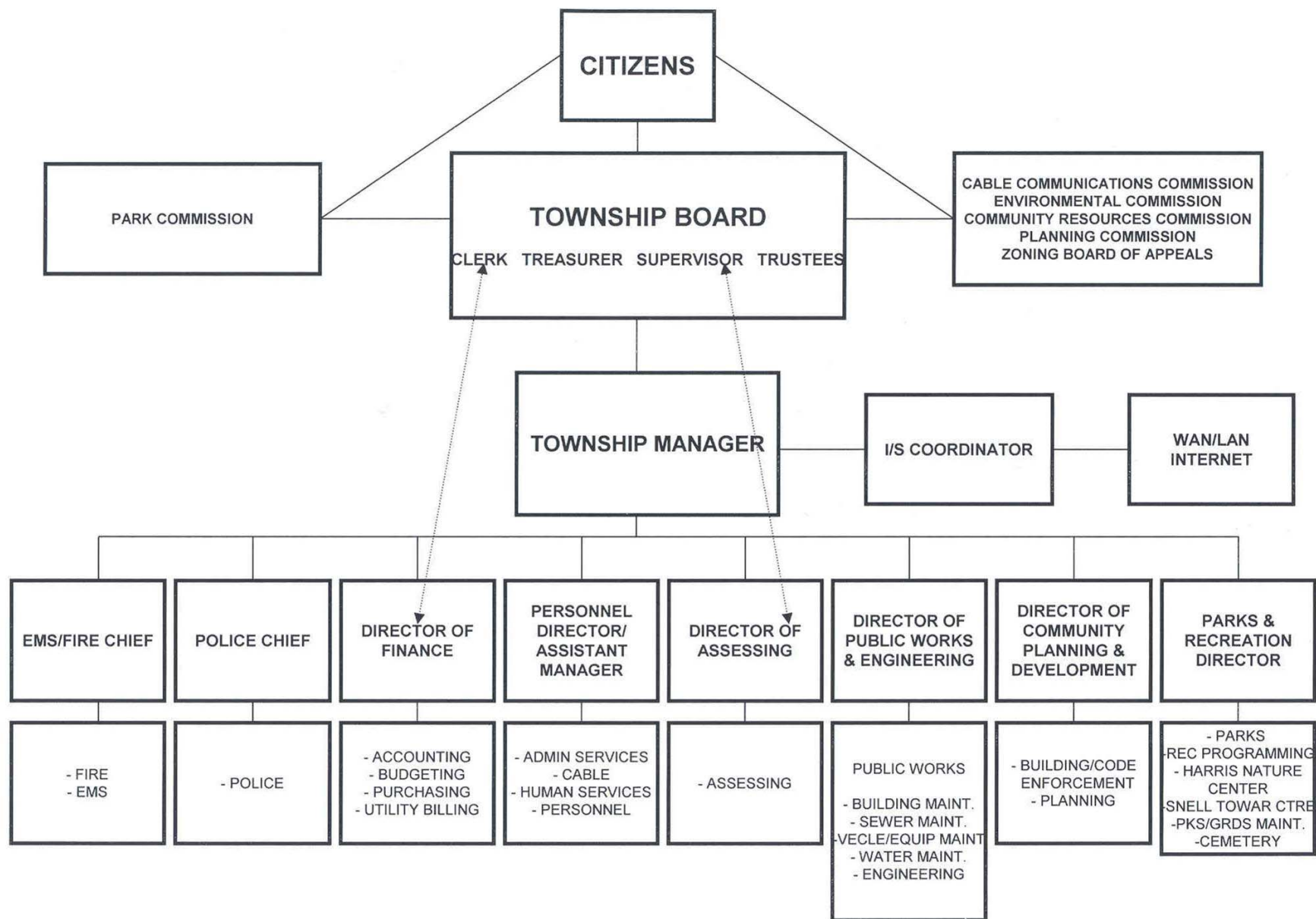
December 31, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Dotted Lines – Denote Relationship defined by State Statute

Financial Section

Independent Auditor's Report

To the Board of Trustees
Charter Township of Meridian

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, Ingham County, Michigan as of and for the year ended December 31, 2003, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Meridian's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Meridian, Ingham County, Michigan as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, retirement system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Charter Township of Meridian

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Meridian's basic financial statements. The required supplemental information and the other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note 2, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of January 1, 2003.

Plante & Moran, PLLC

April 30, 2004

Management's Discussion and Analysis

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis

Overview of the Financial Statements

Meridian Township's 2003 Comprehensive Annual Financial Report (CAFR) follows a different format than in previous years. This annual report consists of five parts - 1) Management's Discussion and Analysis, 2) the basic financial statements, 3) required supplementary information, 4) other supplemental information that presents combining statements for non-major governmental funds and fiduciary funds, and 5) a statistical section. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-Wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide statements report the Township's net assets and how they have changed. Net assets, the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into three categories:

- **Governmental activities** - Most of the Township's basic services are included here, such as the police, fire, streets & highways, recreation, parks, and general administration. Property taxes, state-shared revenue, and charges for services provide most of the funding.
- **Business-type activities** - The Township charges fees to customers to cover the costs of certain services it provides. The Township's water and sewer system are treated as business-type activities.
- **Component Unit** - The Township includes one other entity in its report: the Economic Development Corporation. Although legally separate, this "component unit" is important because the Township is financially accountable for it.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of revenues and spending for particular purposes. Some funds are required by State law and bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

- Governmental funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- Propriety funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- Fiduciary fund - The Township is responsible for ensuring that the assets reported in this fund are used for their intended purpose. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Financial Overview

In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current assets	\$ 21,699,370	\$ 21,239,680	\$ 7,114,772	\$ 7,256,394	\$ 28,814,142	\$ 28,496,074
Capital assets	17,896,326	15,549,487	30,224,373	28,697,064	48,120,699	44,246,551
Investment in joint venture	-	-	5,167,961	4,960,004	5,167,961	4,960,004
Total assets	39,595,696	36,789,167	42,507,106	40,913,462	82,102,802	77,702,629
Current liabilities	12,404,263	11,158,749	194,368	583,199	12,598,631	11,741,948
Long-term liabilities	2,841,346	3,597,049	365,409	448,465	3,206,755	4,045,514
Total liabilities	15,245,609	14,755,798	559,777	1,031,664	15,805,386	15,787,462
Net assets:						
Invested in capital assets -						
Net of related debt	15,093,322	11,952,438	29,847,959	23,288,595	44,941,281	35,241,033
Restricted	2,930,214	2,085,566	-	-	2,930,214	2,085,566
Unrestricted (deficit)	6,326,551	7,995,367	12,099,370	16,593,203	18,425,921	24,588,570
Total net assets	\$ 24,350,087	\$ 22,033,371	\$ 41,947,329	\$ 39,881,798	\$ 66,297,416	\$ 61,915,169

Meridian Charter Township has combined net assets of \$66 million. Business-type activities comprise \$42 million and governmental activities make up \$24 million of the total net assets. The net assets increased in total by \$4.1 million or 6.6 percent. This increase is the net effect of increasing capital and restricted assets by \$9.6 million and reducing unrestricted net assets by \$5.5 million. The current level of unrestricted net assets for governmental activities - which can be used to finance on-going operations of the Township and expenses related to special revenues - stands at nearly \$7 million, or about 41.3 percent of annual expenses. This is within the requirements of Policy Governance established by the Township Board.

The current ratio (current assets divided by current liabilities) is healthy at 2.40. This means that the Township has adequate current assets to meet its current liabilities. Long-term liabilities of \$3.2 million represent only 4.8 percent of net assets indicating that debt is not a burden to current or future revenues.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Financial Overview (Continued)

Future reports will provide comparative data for the statement of activities. Comparative data is not required during the first year of reporting under requirements of GASB 34, and therefore, a comparative statement of activities is not part of the Management's Discussion and Analysis. The following table shows the changes in net assets for 2003:

	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue:			
Charges for services	\$ 3,814,194	\$ 7,318,596	\$ 11,132,790
Operating grants and contributions	41,074	-	41,074
Capital grants and contributions	718,513	1,698,425	2,416,938
General revenue:			
Property taxes	10,373,270	-	10,373,270
State-shared revenue	3,282,965	-	3,282,965
Unrestricted investment earnings	234,584	34,547	269,131
Franchise fees	456,907	-	456,907
Transfers and other revenue	245,000	55,000	300,000
Total revenue	19,166,507	9,106,568	28,273,075
Program Expenses			
General government	4,426,872	-	4,426,872
Public safety	9,577,826	-	9,577,826
Public works	1,191,767	-	1,191,767
Health and welfare	57,580	-	57,580
Community and economic development	-	-	-
Recreation and culture	1,455,838	-	1,455,838
Interest on long-term debt	139,908	-	139,908
Water and sewer	-	7,041,037	7,041,037
Total program expenses	16,849,791	7,041,037	23,890,828
Change in Net Assets	\$ 2,316,716	\$ 2,065,531	\$ 4,382,247

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

Revenues for governmental activities totaled nearly \$19 million in 2003. A total of \$10.4 million was in the form of property tax collections that reflect no increase in the total millage rate, but an increase of approximately \$62 million in taxable value or 4.6 percent due to new construction and inflationary increases in existing properties. State-shared revenues continue to be of concern. While they provided \$3.283 million in 2003, this is \$252,000 or 9.9 percent less than in 2002. Additional reductions are anticipated in future years. Charges for services generated \$3.374 million.

Expenses for governmental activities totaled \$17 million. More than half (56.8 percent) of this expense funded public safety in the Township. Additionally, one million dollars was invested in street resurfacing.

Business-Type Activities

Business-type activities in the Township include water and sewer services. Revenues for business-type activities totaled \$9.1 million. \$4.3 million was collected from customers and \$1.7 million is the value of assets contributed by developers. The Township purchases water from the East Lansing-Meridian Water and Sewer Authority and water is distributed by the Township through mains to customers. The Township contracts for sewage treatment from the City of East Lansing Wastewater Treatment Plant. Township residential customers are billed quarterly for water and sewer service based on water consumption. Commercial customers are billed monthly.

Current Economic Events

Meridian Township continues to experience growth in the community. This is seen in a continuing strong housing market, as well as new construction growth. The Township has seen an increase in taxable value over the past 4 years of approximately 24 percent. This provides increasing tax revenues, but is offset by increased demand for services. The State of Michigan is experiencing significant budgeting problems, and as they look for solutions, revenue sharing continues to be under attack. As noted above, the Township's share of state revenue sharing decreased in 2003 and is expected to be reduced again in 2004.

Personnel costs represent approximately 75 percent of the operating expenses of the Township. While wage increases have been held to minimal amounts - averaging less than 3 percent, the cost of health care has seen double digit increases for the past five years and payroll taxes, pension, and other personnel costs continue to rise as well.

Charter Township of Meridian, Ingham County, Michigan

Management's Discussion and Analysis (Continued)

Financial Analysis of Township Funds and Budgets

The General Fund ended 2003 with an undesignated fund balance of \$3,869,200 (compared with \$4,623,702 in 2002). This decrease is primarily a result of the \$1,000,000 street resurfacing project completed in 2003. In spite of reduced state shared revenue and rising personnel costs, the Township has successfully operated with a balanced budget. This has been accomplished with the dedicated efforts of all employees to work more efficiently, manage expenditures, and enhance revenues whenever possible.

All Funds of the Township operate with Board approved budgets. These budgets are monitored and amended as needed throughout the year. Such amendments are primarily related to projects carried over from the prior year and unanticipated projects. In addition, unexpected changes in projected revenues may result in changes to the expenditure budgets (e.g. reduction in state shared revenue). All departments ended the year under budgeted expenditures.

Capital Projects

The Township completed several capital projects in 2003. Hartrick Park on Hulett Road was developed, including an entry drive, parking lot, pavilion, restroom, paved and natural trails, boardwalk, handicapped-accessible wildlife viewing platform, two softball fields, and interpretive signage. This project was funded by the Michigan Natural Resources Trust Fund, Park Millage, Pedestrian/Bicycle Pathway Millage, and private donations. The total project cost was \$1,064,224.

One parcel of land was purchased by the General Fund, on Okemos Road adjacent to the Fire Station #1. In addition, the Land Preservation Fund accepted donations of land and purchased land in accordance with the Land Preservation Ordinance.

Installation of 12 mobile computers in Police Patrol cars was completed, which facilitated communication with other cars, the dispatch center, and state and national law enforcement information networks.

On-going improvements continued to water lines and mains and the sewer system.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition. Should you have further questions, please contact the Finance Department at the Township's Municipal Building.

Basic Financial Statements

Charter Township of Meridian, Ingham County, Michigan

Statement of Net Assets December 31, 2003

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and investments (Note 4)	\$ 14,907,659	\$ 5,473,359	\$ 20,381,018	\$ 119,391
Receivables - Net (Note 5)	6,696,645	1,490,637	8,187,282	-
Internal balances	(13,967)	13,967	-	-
Inventories	-	126,850	126,850	-
Prepaid costs	109,033	9,959	118,992	-
Net investment in East Lansing - Meridian Water and Sewer Authority (Note 12)	-	5,167,961	5,167,961	-
Capital assets - Net (Note 6)	<u>19,033,656</u>	<u>30,224,373</u>	<u>49,258,029</u>	<u>-</u>
Total assets	40,733,026	42,507,106	83,240,132	119,391
Liabilities				
Accounts payable	458,310	69,299	527,609	-
Performance deposits payable	124,838	-	124,838	-
Accrued and other liabilities	669,911	13,464	683,375	-
Due to other governmental units	28,697	-	28,697	-
Deferred revenue (Note 5)	10,525,431	19,800	10,545,231	-
Noncurrent liabilities (Note 8):				
Due within one year	597,076	91,805	688,881	-
Due in more than one year	<u>3,978,676</u>	<u>365,409</u>	<u>4,344,085</u>	<u>-</u>
Total liabilities	<u>16,382,939</u>	<u>559,777</u>	<u>16,942,716</u>	<u>-</u>
Net Assets				
Invested in capital assets - Net of related debt	16,230,652	29,847,959	46,078,611	-
Restricted:				
Land preservation	2,828,640	-	2,828,640	-
Debt service	101,574	-	101,574	-
Unrestricted	<u>5,189,221</u>	<u>12,099,370</u>	<u>17,288,591</u>	<u>119,391</u>
Total net assets	<u>\$ 24,350,087</u>	<u>\$ 41,947,329</u>	<u>\$ 66,297,416</u>	<u>\$ 119,391</u>

Charter Township of Meridian, Ingham County, Michigan

		Program Revenues		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 4,426,872	\$ 210,201	\$ 19,622	\$ -
Public safety	9,577,826	2,442,969	20,282	-
Public works	1,191,767	948,552	-	-
Health and welfare	57,580	-	-	-
Recreation and culture	1,455,838	212,472	1,170	718,513
Interest on long-term debt	139,908	-	-	-
Total governmental activities	16,849,791	3,814,194	41,074	718,513
Business-type activities - Water and sewer	7,041,037	7,318,596	-	1,698,425
Total primary government	<u>\$ 23,890,828</u>	<u>\$ 11,132,790</u>	<u>\$ 41,074</u>	<u>\$ 2,416,938</u>
Component unit - Economic Development Corporation	<u>\$ 14,804</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Franchise fees				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended December 31, 2003

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (4,197,049)	\$ -	\$ (4,197,049)	\$ -
(7,114,574)	-	(7,114,574)	-
(243,216)	-	(243,216)	-
(57,580)	-	(57,580)	-
(523,683)	-	(523,683)	-
(139,908)	-	(139,908)	-
(12,276,010)	-	(12,276,010)	-
-	1,975,984	1,975,984	-
(12,276,010)	1,975,984	(10,300,026)	-
-	-	-	(4,804)
10,373,270	-	10,373,270	-
3,282,965	-	3,282,965	-
234,584	34,547	269,131	1,898
456,907	-	456,907	-
300,000	-	300,000	-
(55,000)	55,000	-	-
14,592,726	89,547	14,682,273	1,898
2,316,716	2,065,531	4,382,247	(2,906)
22,033,371	39,881,798	61,915,169	122,297
\$ 24,350,087	\$ 41,947,329	\$ 66,297,416	\$ 119,391

Charter Township of Meridian, Ingham County, Michigan

Governmental Funds Balance Sheet December 31, 2003

	General	Land Preservation	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 7,141,153	\$ 3,163,490	\$ 2,380,331	\$ 12,684,974
Receivables - Net	4,462,509	554,125	1,678,461	6,695,095
Prepaid costs and other assets	101,955	-	4,960	106,915
Due from other funds	<u>1,553,920</u>	<u>163,341</u>	<u>210,373</u>	<u>1,927,634</u>
Total assets	<u>\$ 13,259,537</u>	<u>\$ 3,880,956</u>	<u>\$ 4,274,125</u>	<u>\$ 21,414,618</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 429,423	\$ 1,048	\$ 23,296	\$ 453,767
Performance deposits payable	124,838	-	-	124,838
Accrued and other liabilities	498,832	-	12,593	511,425
Due to other funds	16,674	-	203,917	220,591
Due to other governmental units	-	28,697	-	28,697
Deferred revenue	<u>8,207,320</u>	<u>1,022,571</u>	<u>1,866,951</u>	<u>11,096,842</u>
Total liabilities	9,277,087	1,052,316	2,106,757	12,436,160
Fund Balances				
Reserved for prepaid costs	101,955	-	4,960	106,915
Unreserved, reported in:				
General Fund:				
Designated for Recreation and Tourism	11,295	-	-	11,295
Undesignated	3,869,200	-	-	3,869,200
Special Revenue Funds:				
Designated for Land Preservation	-	2,828,640	-	2,828,640
Undesignated	-	-	2,060,834	2,060,834
Debt Service Funds	<u>-</u>	<u>-</u>	<u>101,574</u>	<u>101,574</u>
Total fund balances	<u>3,982,450</u>	<u>2,828,640</u>	<u>2,167,368</u>	<u>8,978,458</u>
Total liabilities and fund balances	<u>\$ 13,259,537</u>	<u>\$ 3,880,956</u>	<u>\$ 4,274,125</u>	<u>\$ 21,414,618</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	\$ 17,896,326
Special assessment receivables and other receivables are not available to pay for current year expenditures	571,411
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(4,493,511)
Accrued interest payable is not due and payable in the current period and is not reported in the funds	(148,468)
Internal Service Funds are included as part of governmental activities	<u>1,545,871</u>
Net assets of governmental activities	<u>\$ 24,350,087</u>

Charter Township of Meridian, Ingham County, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2003

	General	Land Preservation	Other Non-major Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 8,146,780	\$ 974,660	\$ 1,251,830	\$ 10,373,270
Licenses and permits	302,947	-	-	302,947
Federal grants	-	-	10,948	10,948
State-shared revenues (and grants)	3,327,827	-	450,817	3,778,644
Special assessments	-	-	324,974	324,974
Charges for services	1,909,142	-	352,548	2,261,690
Interest and rentals	127,539	43,202	63,843	234,584
Other	429,690	-	89,299	518,989
Total revenue	14,243,925	1,017,862	2,544,259	17,806,046
Expenditures				
Current:				
General government	4,086,855	-	-	4,086,855
Public safety	8,851,693	-	18,969	8,870,662
Public works	1,030,768	-	94,976	1,125,744
Health and welfare	50,066	-	7,514	57,580
Recreation and culture	464,994	-	897,737	1,362,731
Capital outlay	869,830	79,070	1,429,500	2,378,400
Debt service	126,218	-	549,474	675,692
Total expenditures	15,480,424	79,070	2,998,170	18,557,664
Excess of Revenue Over (Under) Expenditures	(1,236,499)	938,792	(453,911)	(751,618)
Other Financing Sources (Uses)				
Transfers in	512	-	531,040	531,552
Transfers out	(103,680)	-	(482,872)	(586,552)
Issuance of debt	549,940	-	-	549,940
Total other financing sources (uses)	446,772	-	48,168	494,940
Net Change in Fund Balances	(789,727)	938,792	(405,743)	(256,678)
Fund Balances - Beginning of year	4,772,177	1,889,848	2,573,111	9,235,136
Fund Balances - End of year	<u>\$ 3,982,450</u>	<u>\$ 2,828,640</u>	<u>\$ 2,167,368</u>	<u>\$ 8,978,458</u>

Charter Township of Meridian, Ingham County, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2003

Net Change in Fund Balances - Total Governmental Funds \$ (256,678)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	2,423,104
Depreciation on general fixed assets is recorded in the statement of activities; it is not recorded at the fund level	(485,066)
Contribution of general fixed assets is recorded in the statement of activities; it is not recorded at the fund level	278,200
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	115,524
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	518,972
Bond proceeds are not reported as financing sources on the statement of activities	(550,000)
Interest expense is recorded in the statement of activities when incurred; it is not reported in the funds until paid	33,763
Increase in accumulated employee sick and vacation pay, are recorded when earned in the statement of activities	(16,951)
Internal Service Funds are also included as governmental activities	255,848

Change in Net Assets of Governmental Activities \$ 2,316,716

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Net Assets December 31, 2003

	Business-Type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 762,014	\$ 922,197	\$ 1,684,211	\$ 511,226
Investments	1,035,215	2,753,933	3,789,148	-
Receivables - Net	771,346	719,291	1,490,637	1,550
Due from other funds	2,693	15,811	18,504	-
Inventories	126,850	-	126,850	-
Prepaid costs	9,959	-	9,959	2,118
Total current assets	2,708,077	4,411,232	7,119,309	514,894
Noncurrent assets:				
Investment in East Lansing - Meridian Water and Sewer Authority	5,167,961	-	5,167,961	-
Capital assets	16,476,101	13,748,272	30,224,373	1,137,330
Total noncurrent assets	21,644,062	13,748,272	35,392,334	1,137,330
Total assets	24,352,139	18,159,504	42,511,643	1,652,224
Liabilities				
Current liabilities:				
Accounts payable	31,126	38,173	69,299	4,543
Accrued and other liabilities	5,579	7,885	13,464	10,018
Due to other funds	1,538	2,999	4,537	9,551
Deferred revenue	19,800	-	19,800	-
Current portion of long-term debt	83,457	8,349	91,805	-
Total current liabilities	141,500	57,406	198,905	24,112
Noncurrent liabilities:				
Long-term debt - Net of current portion	334,098	31,312	365,409	82,241
Total liabilities	475,597	88,717	564,314	106,353
Net Assets				
Investment in capital assets - Net of related debt	16,099,687	13,748,272	29,847,959	1,055,089
Unrestricted	7,776,855	4,322,515	12,099,370	490,782
Total net assets	<u>\$ 23,876,542</u>	<u>\$ 18,070,787</u>	<u>\$ 41,947,329</u>	<u>\$ 1,545,871</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2003

	Business-Type Activities			Governmental Activities
	Water	Sewer	Total Enterprise Funds	Internal Service Fund
Operating Revenue				
Sale of water	\$ 3,339,228	\$ -	\$ 3,339,228	\$ -
Sewage disposal charges	-	2,887,839	2,887,839	-
Charges for services	586,014	436,797	1,022,811	944,057
Other	64,658	4,060	68,718	74,675
Total operating revenues	3,989,900	3,328,696	7,318,596	1,018,732
Operating Expenses				
Purchase of water from East Lansing - Meridian Water and Sewer Authority	1,595,852	-	1,595,852	-
Disposal plant	-	1,597,843	1,597,843	-
Personnel services	856,742	652,240	1,508,982	-
General administration	287,841	265,828	553,669	148,437
Operation and maintenance	265,302	250,617	515,919	314,853
Depreciation	572,921	494,732	1,067,653	296,272
Total operating expenses	3,578,658	3,261,260	6,839,918	759,562
Operating Income	411,242	67,436	478,678	259,170
Nonoperating Revenues (Expenses)				
Investment income	4,589	29,958	34,547	3,064
Interest expense	(18,968)	-	(18,968)	(6,386)
Loss from joint venture	(182,151)	-	(182,151)	-
Total nonoperating revenues (expenses)	(196,530)	29,958	(166,572)	(3,322)
Income - Before contributions and transfers	214,712	97,394	312,106	255,848
Capital Contributions	1,235,450	462,975	1,698,425	-
Transfers From Other Funds	-	55,000	55,000	-
Change in Net Assets	1,450,162	615,369	2,065,531	255,848
Net Assets - Beginning of year	22,426,380	17,455,418	39,881,798	1,290,023
Net Assets - End of year	<u>\$ 23,876,542</u>	<u>\$ 18,070,787</u>	<u>\$ 41,947,329</u>	<u>\$ 1,545,871</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2003

	Business-Type Activities			Governmental Activities
			Total Enterprise Funds	Internal Service Funds
	Water	Sewer		
Cash Flows From Operating Activities				
Receipts from customers	\$ 3,826,191	\$ 3,384,648	\$ 7,210,839	\$ 940,389
Payments to suppliers	(2,219,307)	(2,242,169)	(4,461,476)	(516,447)
Payments to employees	(856,742)	(652,240)	(1,508,982)	-
Internal activity - Payments to other funds	(91,290)	(102,301)	(193,591)	9,551
Other receipts	64,658	4,060	68,718	74,675
Net cash provided by operating activities	723,510	391,998	1,115,508	508,168
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(498,259)	(421,206)	(919,465)	(426,873)
Principal and interest paid on long-term debt	(97,179)	(7,640)	(104,819)	(30,761)
Net cash used in capital and related financing activities	(595,438)	(428,846)	(1,024,284)	(457,634)
Cash Flows From Investing Activities				
Interest received on investments	33,178	84,454	117,632	3,064
Purchase of investment securities	(1,639,246)	(901,796)	(2,541,042)	-
Proceeds from sale and maturities of investment securities	1,200,000	300,000	1,500,000	-
Payments to East Lansing - Meridian Water and Sewer Authority	(390,109)	-	(390,109)	-
Net cash provided by (used in) investing activities	(796,177)	(517,342)	(1,313,519)	3,064
Net Increase (Decrease) in Cash and Cash Equivalents	(668,105)	(554,190)	(1,222,295)	53,598
Cash and Cash Equivalents - Beginning of year	<u>1,430,119</u>	<u>1,476,387</u>	<u>2,906,506</u>	<u>457,628</u>
Cash and Cash Equivalents - End of year	<u>\$ 762,014</u>	<u>\$ 922,197</u>	<u>\$ 1,684,211</u>	<u>\$ 511,226</u>

Charter Township of Meridian, Ingham County, Michigan

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2003 (Continued)

	Business-Type Activities			Governmental Activities
			Total Enterprise Funds	Internal Service Funds
	Water	Sewer		
Reconciliation of Operating Income to Net Cash From Operating Activities				
Operating income	\$ 411,242	\$ 67,436	\$ 478,678	\$ 259,170
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	572,921	494,732	1,067,653	296,272
Changes in assets and liabilities:				
Receivables	(101,308)	60,012	(41,296)	(1,550)
Due from other funds	(2,693)	(15,651)	(18,344)	-
Inventories	25,445	-	25,445	-
Prepaid costs and other assets	(9,959)	-	(9,959)	(2,118)
Accounts payable	(96,179)	(130,609)	(226,788)	(51,566)
Accrued and other liabilities	422	2,728	3,150	(1,591)
Due to other funds	(88,597)	(86,650)	(175,247)	9,551
Deferred revenue	12,216	-	12,216	-
Net cash provided by operating activities	<u>\$ 723,510</u>	<u>\$ 391,998</u>	<u>\$ 1,115,508</u>	<u>\$ 508,168</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2003, the water and sewer lines valued at \$1,698,425 were donated by developers to the Township and are recorded in the Enterprise Funds. Also, during the year ended December 31, 2003, purchase of investment securities includes unrealized losses of \$28,589 and \$54,496 for the Water and Sewer Fund, respectively.

Charter Township of Meridian, Ingham County, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2003

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ -	\$ 9,212,541
Investments:		
U.S. government securities	766,305	-
Stocks	3,798,634	-
Bonds	350,498	-
Other	713,747	-
Receivables - Accrued interest	13,462	-
Total assets	5,642,646	<u>\$ 9,212,541</u>
Liabilities		
Accounts payable	-	\$ 27,985
Due to other governmental units	-	9,184,556
Total liabilities	-	<u>\$ 9,212,541</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 5,642,646</u>	

Charter Township of Meridian, Ingham County, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Assets Year Ended December 31, 2003

	Pension Trust Funds
<hr/>	
Additions	
Investment income:	
Interest and dividends	\$ 124,480
Net increase in fair value of investments	835,476
Less investment expenses	<u>(21,648)</u>
Net investment income	938,308
 Deductions	
Benefit payments	<u>476,532</u>
 Net Increase in Net Assets Held in Trust	461,776
 Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of year	<u>5,180,870</u>
End of year	<u><u>\$ 5,642,646</u></u>

Charter Township of Meridian, Ingham County, Michigan

Component Unit Statement of Net Assets December 31, 2003

	Economic Development Corporation
	<hr/>
Assets - Cash and cash equivalents (Note 4)	\$ 119,391
	<hr/>
Net Assets - Unrestricted	\$ 119,391
	<hr/>

Charter Township of Meridian, Ingham County, Michigan

Component Unit Statement of Activities Year Ended December 31, 2003

			Net (Expenses) Revenues and Changes in Net Assets
	Program Revenues		
	Charges for Services	Economic Development Corporation	
	Expenses		
Economic Development Corporation - Community and economic development	<u>\$ 14,804</u>	<u>\$ 10,000</u>	\$ (4,804)
General Revenues - Interest			<u>1,898</u>
Change in Net Assets			(2,906)
Net Assets - Beginning of year			<u>122,297</u>
Net Assets - End of year			<u>\$ 119,391</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of Meridian, Ingham County, Michigan (the Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Meridian, Ingham County, Michigan:

Reporting Entity

The Charter Township of Meridian, Ingham County, Michigan is governed by an elected seven-member board. The accompanying financial statements present the Township and its component unit, an entity for which the Township is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Discretely Presented Component Unit - The following component unit is reported within the component unit column in the combined financial statements. It is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

The Economic Development Corporation was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Township, so as to provide needed services and facilities of such enterprises to the residents of the Township. The Township Board selects the Corporation's governing body and can impose its will. The Economic Development Corporation financial report can be obtained at the Township Clerk's office.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from a certain legally separate component unit for which the primary government is financially accountable.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 45/60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: 2003 property taxes, state-shared revenue, and interest associated with the current fiscal period. Conversely, 2004 property taxes and special assessments will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township reports the following major governmental funds:

General Fund - The General Fund contains the records of the ordinary activities of the Township that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.

Land Preservation Fund - The Land Preservation Fund is used to account for tax revenue which will be used to purchase land and/or an interest in land for the permanent preservation of open green spaces and natural features throughout the Township.

The Township reports the following major proprietary funds:

Water Fund - The Water Fund is used to account for the provision of water services to the residents of the Township. Activities of the fund include administration, operating, maintenance, and billing and collection activities.

Sewer Fund - The Sewer Fund is used to account for the provision of sewer services to the residents of the Township. Activities of the fund include administration, operating, maintenance, and billing and collection activities.

Additionally, the Township reports the following fund types:

Internal Service Fund - The Internal Service Fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the Township, or to other governments, primarily on a cost-reimbursement basis.

Pension Trust Fund - The Pension Trust Fund accounts for the assets of the government's employees pension plan.

Agency Fund - The Agency Fund accounts for assets held by the Township in a trustee capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1. These taxes are billed on December 1 of the following year and are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Property taxes billed during the month of December will be used to finance the following year's operating. As such, these taxes are recorded as deferred revenue in each respective fund at December 31. The 2002 taxable valuation of the Township totaled \$1,327,160,828 on which ad valorem taxes levied consisted of 4.2338 mills for the Township's operating purposes and 3.0264 mills for special voted millages.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Costs - Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., bike paths and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Bikepaths	15 to 30 years
Water and sewer distribution systems	50 to 75 years
Water and sewer treatment facilities	40 to 50 years
Buildings and building improvements	40 to 50 years
Vehicles	3 to 5 years
Office furnishings	5 to 7 years
Other tools and equipment	3 to 7 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation and personal pay as it is earned, and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employees terminate).

Long-Term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Accounting and Reporting Changes

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The Charter Township of Meridian has applied the provisions of this statement in the accompanying financial statements (including the notes to the financial statements). The Township has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Township's activities, including infrastructure (bike paths, etc.)
- A change in the fund financial statements to focus on the major funds
- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (bike paths) not previously accounted for by the Township as well as assets totaling approximately \$16,480,796 that would previously have been reported in the General Fixed Assets Account Group

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 2 - Accounting and Reporting Change (Continued)

- Capital assets at January 1, 2003 previously reported in the General Fixed Assets Account Group, have been adjusted by approximately \$2,502,850 to reflect the historical cost of the Township's capital assets at that date
- The governmental activities column includes bonds and other long-term obligations totaling \$3,308,202 previously reported in the General Long-term Debt Account Group

As a result, the Township's Governmental Funds have been restated as of December 31, 2003, as follows:

Fund Balance - Beginning of year in the general, special revenue, and debt service funds as adjusted for GASB Interpretation 6	\$ 9,235,136
Capitalization of capital assets, net of accumulated depreciation	14,542,758
Inclusion of assets and liabilities of internal service fund	1,290,023
Recognition of long-term liabilities	(2,689,735)
Recognition of accrued interest payable	(182,231)
Recognition of revenue previously earned	455,887
Recognition of expenses for compensated absences	<u>(618,467)</u>
Net Assets - Beginning of year, as adjusted	<u>\$ 22,033,371</u>
 Fund Balance - Beginning of year, as previously reported in the General Fund	 \$ 4,634,997
Adjustment for compensated absences	<u>137,180</u>
Fund Balance - Beginning of year, as restated	<u>\$ 4,772,177</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 3 - Stewardship, Compliance, and Accountability

State Construction Code Act - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000, is as follows:

Shortfall at January 1, 2003		\$ (569,723)
Current year building permit revenue	\$ 301,332	
Related expenses:		
Direct costs	556,444	
Estimated indirect costs	<u>76,010</u>	
Total construction code expenses		<u>632,454</u>
Net shortfall for the year ended December 31, 2003		<u>(331,122)</u>
Cumulative shortfall at December 31, 2003		<u><u>\$ (900,845)</u></u>

Note 4 - Deposits and Investments

The Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Funds investment earnings are allocated to the General Fund.

The pension trust fund is also authorized by Michigan Public Act 485 of 1996 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township of Meridian, Ingham County, Michigan's deposits and investment policies are in accordance with statutory authority.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 4 - Deposits and Investments (Continued)

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash	\$ 7,366,417	\$ 1,684,211	\$ 9,212,541	\$ 18,263,169	\$ 119,391
Investments	7,541,242	3,789,148	5,629,184	16,959,574	-
Total	<u>\$ 14,907,659</u>	<u>\$ 5,473,359</u>	<u>\$ 14,841,725</u>	<u>\$ 35,222,743</u>	<u>\$ 119,391</u>

The breakdown between deposits and investments for the Township is as follows:

	Primary Government	Component Unit
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 20,901,944	\$ 119,391
Investments in securities, mutual funds, and similar vehicles	14,319,851	-
Petty cash or cash on hand	1,550	-
Total	<u>\$ 35,223,345</u>	<u>\$ 119,391</u>

Deposits

The bank balance of the Township's deposits is \$21,351,000, of which \$1,765,699 is covered by federal depository insurance. The remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The component units' deposits had a bank balance of \$119,391, of which \$109,685 was covered by federal depository insurance and the remainder was uninsured and uncollateralized.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 4 - Deposits and Investments (Continued)

Investments

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, with securities held by the Township or its agent in the Township's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year end, the Township's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government:				
Corporate bonds	\$ 350,498	\$ -	\$ -	\$ 350,498
U.S. government securities	7,835,341	-	-	7,835,341
Common and preferred stock	3,798,634	-	-	3,798,634
Subtotal	<u>\$ 11,984,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>11,984,473</u>
Investments not subject to categorization:				
Bank investment pool funds				1,635,593
Mutual funds				<u>699,785</u>
Total primary government				<u>\$ 14,319,851</u>

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The bank investment pools, interlocal agreement investment pool, and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act. Investments under the interlocal agreement (MBIA-CLASS) are regulated by the Urban Cooperation Act. The fair value of the position in the bank investment pools and interlocal agreement pools is the same as the value of the pool shares.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 5 - Receivables

Receivables as of year end for the Township's individual major funds and the nonmajor, Internal Service, and fiduciary funds in the aggregate are as follows:

	General Fund	Land Preservation	Water	Sewer	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 4,198,041	\$ 538,125	\$ -	\$ -	\$ 681,837	\$ 5,418,003
Accounts	188,784	-	745,948	695,529	89,550	1,719,811
Special assessments	-	-	15,196	3,052	571,411	589,659
Interest and other	75,684	16,000	10,202	20,710	337,213	459,809
Total receivables	<u>\$ 4,462,509</u>	<u>\$ 554,125</u>	<u>\$ 771,346</u>	<u>\$ 719,291</u>	<u>\$ 1,680,011</u>	<u>\$ 8,187,282</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Property taxes	\$ -	\$ 10,525,431
Special assessments	<u>571,411</u>	<u>-</u>
Total	<u>\$ 571,411</u>	<u>\$ 10,525,431</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 6 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2003	Additions	Disposals and Adjustments	Balance December 31, 2003
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 8,492,702	\$ 1,880,682	\$ -	\$ 10,373,384
Capital assets being depreciated:				
Buildings and improvements	7,102,446	379,500	-	7,481,946
Vehicles	2,017,858	426,874	-	2,444,732
Furniture and equipment	5,560,709	441,122	-	6,001,831
Subtotal	14,681,013	1,247,496	-	15,928,509
Accumulated depreciation:				
Buildings and improvements	2,239,299	192,853	-	2,432,152
Vehicles	1,011,130	296,272	-	1,307,402
Furniture and equipment	4,373,800	292,213	-	4,666,013
Subtotal	7,624,229	781,338	-	8,405,567
Net capital assets being depreciated	7,056,784	466,158	-	7,522,942
Net capital assets	<u>\$ 15,549,486</u>	<u>\$ 2,346,840</u>	<u>\$ -</u>	<u>\$ 17,896,326</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 6 - Capital Assets (Continued)

Business-Type Activities	Balance January 1, 2003	Additions	Disposals and Adjustments	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$ 363,060	\$ -	\$ -	\$ 363,060
Capital assets being depreciated:				
Water and sewer mains	39,834,812	2,594,963	31,971	42,397,804
Buildings and building improvements	3,980,935	-	-	3,980,935
Other tools and equipment	2,249,588	-	-	2,249,588
Subtotal	46,065,335	2,594,963	31,971	48,628,327
Accumulated depreciation:				
Water and sewer mains	14,970,975	889,269	31,971	15,828,273
Buildings and building improvements	1,581,420	115,161	-	1,696,581
Other tools and equipment	1,178,936	63,224	-	1,242,160
Subtotal	17,731,331	1,067,654	31,971	18,767,014
Net capital assets being depreciated	28,334,004	1,527,309	-	29,861,313
Net capital assets	\$ 28,697,064	\$ 1,527,309	\$ -	\$ 30,224,373

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 6 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 237,453
Public safety	189,269
Public works	1,380
Recreation and culture	56,964
Internal Service Fund depreciation is charged to the various function based on their usage of the asset	<u>296,272</u>

Total governmental activities	<u><u>\$ 781,338</u></u>
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Business-type activities:

Water	\$ 572,921
Sewer	<u>494,733</u>

Total business-type activities	<u><u>\$ 1,067,654</u></u>
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Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due To/From Other Funds		
General Fund	Nonmajor governmental funds	\$ 217,775
	Trust and Agency Fund	<u>1,336,145</u>
		1,553,920
Land Preservation Fund	Trust and Agency Fund	163,341
Water Fund	General Fund	2,693
Sewer Fund	General Fund	13,981
	Trust & Agency Fund	<u>1,830</u>
		15,811
Nonmajor governmental funds	Trust & Agency Fund	<u>210,373</u>
Total		<u>\$ 1,946,138</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Sewer Fund	\$ 55,000
General Fund	Nonmajor governmental funds	48,680
Nonmajor governmental funds	Nonmajor governmental funds	<u>482,872</u>
Total		<u>\$ 586,552</u>

Transfers provided funding for capital acquisitions and debt services.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 8 - Long-Term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 8 - Long-Term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
General obligation bonds:						
Public Safety Buildings Bonds						
Amount of issue - \$2,500,000						
Maturing through 2009	5.50%	\$250,000	\$ 750,000	\$ -	\$ 750,000	\$ -
Public Safety 1993 Refunding Bonds						
Amount of issue - \$1,635,000	4.55% -	\$150,000 -				
Maturing through 2006	4.90%	\$200,000	700,000	(155,000)	545,000	150,000
Installment purchase agreements:						
Legg Land Contract						
Amount of issue: \$66,000						
Maturing through 2004	8.00%	\$3,772	7,265	(3,493)	3,772	3,772
Library Building						
Amount of issue - \$875,000		\$60,783 -				
Maturing through 2011	7.48%	\$115,004	779,936	(67,945)	711,991	73,789
Potters Vessel Building						
Amount of issue - \$550,000		\$27,000 -				
Maturing through 2018	4.54%	\$49,000	-	550,000	550,000	28,000
Vactor Truck Lease						
Amount of issue - \$129,613		\$25,835 -				
Maturing through 2006	5.99%	\$29,023	106,616	(24,375)	82,241	25,835
Special assessment bonds:						
Proctor Drain Bonds						
Amount of issue - \$1,378,354						
Maturing through 2003	6.75%	\$132,534	132,534	(132,534)	-	-
Central Park Drive						
Amount of issue - \$1,575,000	5.15% -					
Maturing through 2004	5.25%	\$160,000	320,000	(160,000)	160,000	160,000
Other long-term obligations:						
Compensated absences						
			618,467	16,951	635,418	155,680
Total governmental activities			<u>\$ 3,414,818</u>	<u>\$ 23,604</u>	<u>\$ 3,438,422</u>	<u>\$ 597,076</u>

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 8 - Long-Term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-Type Activities - Water and Sewer						
Installment purchase agreement:						
HVAC System						
Amount of issue - \$729,860		\$56,273 -				
Maturing through 2008	4.24%	\$85,072	\$ 448,465	\$ (72,051)	\$ 376,414	\$ 75,108
Other long-term obligations:						
Compensated absences			94,600	(13,800)	80,800	16,697
Total business-type activities			<u>\$ 543,065</u>	<u>\$ (85,851)</u>	<u>\$ 457,214</u>	<u>\$ 91,805</u>

Annual debt service requirements (excluding compensated absences) to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2004	\$ 441,050	\$ 153,394	\$ 594,444	\$ 75,108	\$ 15,911	\$ 91,019
2005	333,643	129,591	463,234	78,292	12,726	91,018
2006	338,410	111,070	449,480	81,612	9,407	91,019
2007	371,987	89,762	461,749	85,072	5,946	91,018
2008	380,028	67,609	447,637	56,330	2,339	58,669
2009-2013	712,886	116,197	829,083	-	-	-
2014-2018	225,000	31,553	256,553	-	-	-
Total	<u>\$ 2,803,004</u>	<u>\$ 699,176</u>	<u>\$ 3,502,180</u>	<u>\$ 376,414</u>	<u>\$ 46,329</u>	<u>\$ 422,743</u>

Other Debt

From time to time, the Economic Development Corporation issues Limited Obligation Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed. The resulting debt of the developers is serviced directly by the financial institution. Neither the Township nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2003, there were three series of Limited Obligation Revenue Bonds outstanding, with an aggregate principal amount payable of \$18,450,000.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Liability and Property Pool (risk pool) for claims relating to property loss, torts, and errors and omissions; the Township participates in the Michigan Municipal Workers' Compensation Fund (risk pool) for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Defined Benefit Pension Plan

Charter Township of Meridian Employees' Retirement System

Plan Description - The Township contributes to the Meridian Township Employees' Pension Plan, which is the administrator of a single-employer public employee's retirement system that covers all full-time employees of the Township, excluding those included in MERS and the defined contribution plan. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. For the plan year beginning January 1, 2004, the date of the most recent actuarial valuation, membership consisted of 111 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 2 current active employees. The plan does not issue a separate financial report.

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

There is no obligation to contribute to the system. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 10 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost - For the year ended December 31, 2003, the Township's annual pension cost of \$0 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation for the plan year beginning January 1, 2003, using the entry actual age cost method. Significant actuarial assumptions used include a 7.0 percent investment rate of return and 4.5% salary increases, and inflation component. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level dollar on a closed basis. The remaining amortization period is 7 years.

Fiscal year ended December 31:	2003	2002	2001
Annual pension cost	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Actuarial valuation as of December 31:	2002	2001	2000
Actuarial value of assets	\$ 6,095,183	\$ 7,092,142	\$ 7,618,038
Actuarial Accrued Liability (entry age)	5,599,052	5,591,439	5,913,886
(Overfunded) Unfunded AAL	(496,131)	(1,500,703)	(1,704,152)
Funded ratio	109%	127%	129%
Covered payroll	118,912	143,349	227,915
UAAL as a percentage of covered payroll	(417.2%)	(1,046.9%)	(747.7%)

Michigan Municipal Employees' Retirement System

Plan Description - The Township participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all public works (American Federation of State, County, and Municipal Employees (AFSCME)), the Police non-supervisory, clerical unit, Police supervisory employees, firefighters, and teamsters employees of the Township. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 10 - Defined Benefit Pension Plan (Continued)

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from the employees of 0 to 6.5 percent of gross wages for the various groups.

Annual Pension Cost - For the year ended December 31, 2003, the Township's annual pension cost of \$943,318 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year attributable to inflation, (c) additional projected salary increases ranging from 0 to 4.2 percent per year, depending on age, attributable to seniority/merit, and (d) no post-retirement benefit increases. Both (a) and (b) include an inflation assumption of 4.5 percent per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 33 years.

Fiscal year ended December 31:	2003	2002	2001
Annual pension cost	\$ 943,318	\$ 863,957	\$ 844,308
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
Actuarial valuation as of December 31:	2002	2001	2000
Actuarial value of assets	\$ 11,553,892	\$ 10,371,873	\$ 8,816,349
Actuarial Accrued Liability (entry age)	21,773,929	19,530,981	17,854,838
(Overfunded) Unfunded AAL	10,220,037	9,159,108	9,038,489
Funded ratio	53%	53%	49%
Covered payroll	5,935,084	5,801,246	5,844,153
UAAL as a percentage of covered payroll	172.2%	157.9%	154.7%

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 11 - Defined Contribution Pension Plan

The Township provides pension benefits to its non-union, professional supervisory, and professional non-supervisory employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by negotiation with the Township's competitive bargaining units, the Township contributes 3 to 8.5 percent of employees' gross earnings.

In accordance with these requirements, the Township contributed \$175,240 during the current year and employees contributed \$73,258.

Note 12 - Joint Venture

East Lansing - Meridian Water and Sewer Authority

The Township is a member of the East Lansing - Meridian Water and Sewer Authority, which provides water services to the residents of the City of East Lansing and the Charter Township of Meridian. The participating communities provide annual funding for its operations. During the current year, the Township contributed \$1,595,852 for its operations and debt. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Township appoints three members to the joint venture's governing board, which then approves the annual budget. The following financial information of the joint venture is obtained from audited financial statements as of June 30, 2003. Complete financial statements for the East Lansing - Meridian Water and Sewer Authority can be obtained from the administrative offices at 410 Abbott Road, East Lansing, Michigan.

Total assets	\$ 9,504,924
Total liabilities	\$ 1,128,052
Total net assets	\$ 8,376,872
Total operating revenue	\$ 2,823,728
Total operating expenses	\$ 2,407,119
Increase in net assets	\$ 306,758
Total joint venture's outstanding debt (net of unamortized discount)	\$ 699,381

Charter Township of Meridian, Ingham County, Michigan

Notes to Financial Statements December 31, 2003

Note 12 - Joint Venture (Continued)

The contract between the Charter Township of Meridian and the Authority provides that the Township will pay to the Authority amounts sufficient to fund the principal and interest requirements on certain bond issues. The Township's portion of the outstanding balance as of December 31, 2003 on these bonds, is \$347,592.

Meridian Township's equity in this joint venture as of December 31, 2003, is \$5,167,961 which is recorded in the Water Fund.

Note 13 - Commitments

At December 31, 2003, the Township has a commitment to the City of East Lansing relating to the Township's portion of principal and interest on two sewage disposal system bonds issued by the City during 2001, totaling \$2,040,655, maturing through 2016.

Note 14 - Litigation

At December 31, 2003, the Township is a defendant in various lawsuits filed by taxpayers. Outside counsel for the Township has advised that at this stage in the proceedings they cannot offer an opinion as to the probable outcome.

Required Supplemental Information

Charter Township of Meridian Ingham County, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Fund Balance - Beginning of year	\$ 4,772,177	\$ 4,772,177	\$ 4,772,177	0.00%
Resources (Inflows)				
Property taxes	8,063,000	8,125,065	8,146,780	0.27%
Licenses and permits	315,500	281,500	302,947	7.08%
Intergovernmental	3,745,000	3,375,220	3,327,827	-1.42%
Charges for services	1,859,240	1,898,270	1,909,142	0.57%
Interest income	300,000	250,000	127,539	-96.02%
Other	352,300	945,000	979,630	3.54%
Transfer from other funds	-	-	512	100.00%
Amounts available for appropriation	14,635,040	14,875,055	14,794,377	-0.55%
Charges to Appropriations (Outflows)				
General government	4,165,480	4,335,870	4,086,855	-6.09%
Public safety	9,187,420	9,134,590	8,851,693	-3.20%
Public works	125,000	1,129,000	1,030,768	-9.53%
Health and welfare	60,070	54,070	50,066	-8.00%
Recreation and culture	500,030	492,350	464,994	-5.88%
Capital outlay	551,600	1,244,300	869,830	-43.05%
Debt service	130,000	130,000	126,218	-3.00%
Transfers to other funds	80,000	103,680	103,680	0.00%
Total charges to appropriations	14,799,600	16,623,860	15,584,104	-6.67%
Fund Balance - End of year	\$ 4,607,617	\$ 3,023,372	\$ 3,982,450	24.08%

Charter Township of Meridian Ingham County, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Fund - Land Preservation Fund Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Fund Balance - Beginning of year	\$ 1,889,848	\$ 1,889,848	\$ 1,889,848	0.00%
Resources (Inflows)				
Property taxes	994,000	994,000	974,660	-1.98%
Investment income	<u>100,000</u>	<u>100,000</u>	<u>43,202</u>	<u>-131.47%</u>
Amounts available for appropriation	1,094,000	1,094,000	1,017,862	-7.48%
Charges to Appropriations (Outflows)				
Capital outlay	<u>1,094,000</u>	<u>1,094,000</u>	<u>79,070</u>	<u>-1283.58%</u>
Fund Balance - End of year	<u><u>\$ 1,889,848</u></u>	<u><u>\$ 1,889,848</u></u>	<u><u>\$ 2,828,640</u></u>	<u><u>33.19%</u></u>

Charter Township of Meridian Ingham County, Michigan

Required Supplemental Information Defined Benefit Pension Plan Schedule of Funding Progress December 31, 2003

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/97	\$ 9,397,393	\$ 10,009,431	\$ 612,038	93.9	\$ 1,682,522	36
12/31/98	9,102,319	10,293,334	1,191,015	88.4	414,928	287
12/31/99	8,283,474	6,365,078	(1,918,396)	130.1	419,977	(457)
12/31/00	7,618,038	5,913,886	(1,704,152)	128.8	227,915	(748)
12/31/01	7,092,142	5,591,439	(1,500,703)	126.8	143,349	(1,047)
1/1/03	6,095,183	5,599,052	(496,131)	108.9	118,912	(417)

The schedule of employer contributions is as follows:

SEC	Actuarial Valuation Date	Annual Required Contribution*	Percentage Contributed
12/31/98	12/31/97	\$ 210,967	100.0
12/31/99	12/31/98	-	100.0
12/31/00	12/31/99	-	100.0
12/31/01	12/31/00	-	100.0
12/31/02	12/31/01	-	100.0
12/31/03	1/1/03	-	100.0

* The required contribution is expressed to the Township as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of January 1, 2004, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent, closed
Amortization period (perpetual)	7 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases*	4.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

Charter Township of Meridian Ingham County, Michigan

Note to Required Supplemental Information December 31, 2003

Note - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The Township adopts a formal budget for the General Fund, Special Revenue Fund Type, and Debt Service Fund Type. By mid-June of each year, all department heads submit spending requests to the Director of Finance so that a budget may be prepared. Before September 1, the proposed budget is submitted by the Township Manager to the Township Board for review. Public hearings are held, and a final budget is adopted no later than November 1. The Township Manager has authority to amend the budget up to \$1,500. Any budget amendments greater than \$1,500 must be approved by the Township Board. The Township Board must approve any budget amendments. During the year, the budget was amended in a legally permissible manner.

The budget is adopted on a functional basis. Although spending estimates are produced for each line item, budgetary control is exercised at the department level for internal control purposes. Expenditures at the functional level in excess of budget appropriation are a violation of Michigan law. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at December 31, 2003, is not significant. Unexpended appropriations lapse at year end.

The budget statement (combined statement of revenue, expenditures, and changes in fund balances - budget and actual - general, special revenue, and debt service fund types) is presented on the same basis of accounting used in preparing the adopted budget.

A comparison of actual results of operations to all budgets shown in the other supplemental information sections is for management analysis and is more detailed than the adopted budget on a functional basis.

Other Supplemental Information

NONMAJOR GOVERNMENTAL FUNDS

Pedestrian/Bike Path Millage Fund - This fund is used to account for the design and construction of the Township's millage-supported pedestrian/bicycle pathway system.

Park Millage Fund - This fund is used to account for tax revenue and donations that are used to beautify and maintain the various parks.

Fire Restricted/Designated Fund - This fund is used to account for donations that are restricted and designated for fire-related activities.

Police Restricted/Designated Fund - This fund is used to account for donations, forfeitures, and State of Michigan funds that are specifically used to aid law enforcement.

Cable TV Fund - This fund is used to account for the operations of a government access channel which provides news and information about Meridian Township government activities and the community it serves. Funds for operations are derived from cable franchise fees.

Township Improvement Revolving Fund - This fund is used to account for advances from the general fund and reimbursements from special assessments for specific public improvements.

Community Needs Fund - This fund is used to account for donations that provide emergency funds to needy Township residents.

Grants Fund - This fund is used to account for various federal grant awards.

CATA Millage Fund - This fund is used to account for tax revenue that supports increased public transportation.

Proctor Drain Fund - This fund accounts for an agreement entered into with Ingham County for the development of the Proctor Drain. The County issued special assessment bonds that will be repaid from Township special assessments and general obligation revenue.

Public Safety Buildings Fund - This fund accounts for general obligation bonds that were issued to defray the cost of public safety buildings.

Central Park Drive Fund - This fund is used to account for special assessment bonds relating to water and sewer improvements along Central Park Drive.

Charter Township of Meridian, Ingham County, Michigan

	Special Revenue Funds					
	Pedestrian/ Bike Path Millage	Park Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Cable TV	Township Improvement Revolving
Assets						
Cash and investments	\$ 375,881	\$ 534,779	\$ 9,876	\$ 78,715	\$ 69,665	\$ 1,017,297
Receivables	203,925	569,780	-	-	88,000	438,520
Prepaid costs	1,120	1,431	-	-	2,409	-
Due from other funds	61,845	70,637	-	-	-	3,182
Total assets	<u>\$ 642,771</u>	<u>\$ 1,176,627</u>	<u>\$ 9,876</u>	<u>\$ 78,715</u>	<u>\$ 160,074</u>	<u>\$ 1,458,999</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 154	\$ 16,385	\$ -	\$ -	\$ 2,737	\$ 4,020
Accrued and other liabilities	1,552	5,801	-	-	5,240	-
Due to other funds	78	200,257	-	-	3,381	-
Deferred revenue	387,427	442,506	-	-	-	438,170
Total liabilities	389,211	664,949	-	-	11,358	442,190
Fund Balances						
Reserved for prepaid costs	1,120	1,431	-	-	2,409	-
Unreserved:						
Special Revenue Funds	252,440	510,247	9,876	78,715	146,307	1,016,809
Designated	-	-	-	-	-	-
Total fund balances	253,560	511,678	9,876	78,715	148,716	1,016,809
Total liabilities and fund balances	<u>\$ 642,771</u>	<u>\$ 1,176,627</u>	<u>\$ 9,876</u>	<u>\$ 78,715</u>	<u>\$ 160,074</u>	<u>\$ 1,458,999</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003**

Special Revenue Funds			Debt Service Funds			Total Nonmajor
Community Needs	Grants	CATA Millage	Proctor Drain	Public Safety Buildings	Central Park Drive	Governmental Funds
\$ 8,832	\$ 37,782	\$ 85,234	\$ 19	\$ 93,666	\$ 68,585	\$ 2,380,331
-	-	142,876	1,258	102,119	131,983	1,678,461
-	-	-	-	-	-	4,960
-	-	43,330	249	31,130	-	210,373
<u>\$ 8,832</u>	<u>\$ 37,782</u>	<u>\$ 271,440</u>	<u>\$ 1,526</u>	<u>\$ 226,915</u>	<u>\$ 200,568</u>	<u>\$ 4,274,125</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,296
-	-	-	-	-	-	12,593
174	-	-	-	-	27	203,917
-	-	271,440	1,258	194,167	131,983	1,866,951
174	-	271,440	1,258	194,167	132,010	2,106,757
-	-	-	-	-	-	4,960
8,658	37,782	-	-	-	-	2,060,834
-	-	-	268	32,748	68,558	101,574
8,658	37,782	-	268	32,748	68,558	2,167,368
<u>\$ 8,832</u>	<u>\$ 37,782</u>	<u>\$ 271,440</u>	<u>\$ 1,526</u>	<u>\$ 226,915</u>	<u>\$ 200,568</u>	<u>\$ 4,274,125</u>

Charter Township of Meridian, Ingham County, Michigan

	Special Revenue Funds					
	Pedestrian/ Bike Path Millage	Park Millage	Fire Restricted/ Designated	Police Restricted/ Designated	Cable TV	Township Improvement Revolving
Revenue						
Property taxes	\$ 369,921	\$ 422,031	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-
State sources	-	441,483	-	9,334	-	-
Special assessments	-	-	-	-	-	163,533
Charges for services	-	-	-	-	352,548	-
Interest income	3,116	24,827	251	477	778	18,581
Other	6,416	54,285	5,057	13,090	1,234	1,410
Total revenue	379,453	942,626	5,308	22,901	354,560	183,524
Expenditures						
Current:						
Public safety	-	-	-	9,719	-	-
Public works	94,976	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Recreation and cultural	-	322,955	-	-	315,494	-
Capital outlay	192,725	1,073,814	44,544	-	33,253	82,964
Debt service	-	4,074	-	-	-	-
Total expenditures	287,701	1,400,843	44,544	9,719	348,747	82,964
Excess of Revenue Over (Under)						
Expenditures	91,752	(458,217)	(39,236)	13,182	5,813	100,560
Other Financing Sources (Uses)						
Transfers in	-	457,360	-	-	-	-
Transfers out	(38,360)	(419,000)	-	-	-	(25,000)
Total other financing sources (uses)	(38,360)	38,360	-	-	-	(25,000)
Net Change in Fund Balances	53,392	(419,857)	(39,236)	13,182	5,813	75,560
Fund Balances - Beginning of year	200,168	931,535	49,112	65,533	142,903	941,249
Fund Balances - End of year	\$ 253,560	\$ 511,678	\$ 9,876	\$ 78,715	\$ 148,716	\$ 1,016,809

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2003

Special Revenue Funds			Debt Service Funds			Total Nonmajor
Community Needs	Grants	CATA Millage	Proctor Drain	Public Safety Buildings	Central Park Drive	Governmental Funds
\$ -	\$ -	\$ 259,288	\$ -	\$ 200,590	\$ -	\$ 1,251,830
-	10,948	-	-	-	-	10,948
-	-	-	-	-	-	450,817
-	-	-	18,605	-	142,836	324,974
-	-	-	-	-	-	352,548
58	210	-	1,241	359	13,945	63,843
7,807	-	-	-	-	-	89,299
7,865	11,158	259,288	19,846	200,949	156,781	2,544,259
-	9,250	-	-	-	-	18,969
-	-	-	-	-	-	94,976
7,514	-	-	-	-	-	7,514
-	-	259,288	-	-	-	897,737
-	2,200	-	-	-	-	1,429,500
-	-	-	141,479	226,756	177,165	549,474
7,514	11,450	259,288	141,479	226,756	177,165	2,998,170
351	(292)	-	(121,633)	(25,807)	(20,384)	(453,911)
-	-	-	73,680	-	-	531,040
-	(512)	-	-	-	-	(482,872)
-	(512)	-	73,680	-	-	48,168
351	(804)	-	(47,953)	(25,807)	(20,384)	(405,743)
8,307	38,586	-	48,221	58,555	88,942	2,573,111
\$ 8,658	\$ 37,782	\$ -	\$ 268	\$ 32,748	\$ 68,558	\$ 2,167,368

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Pedestrian/Bike Path Millage Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 200,168	\$ 200,168	\$ 200,168	\$ -
Resources (Inflows)				
Property taxes	376,800	375,800	369,921	(5,879)
Investment income	10,000	10,000	3,116	(6,884)
Other	-	-	6,416	6,416
Amounts available for appropriation	386,800	385,800	379,453	(6,347)
Charges to Appropriations (Outflows)				
Public works	214,910	244,910	94,976	149,934
Capital outlay	300,000	300,000	192,725	107,275
Transfers to other funds	-	38,360	38,360	-
Total charges to appropriations	514,910	583,270	326,061	257,209
Fund Balance - End of year	<u>\$ 72,058</u>	<u>\$ 2,698</u>	<u>\$ 253,560</u>	<u>\$ 250,862</u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Park Millage Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 931,535	\$ 931,535	\$ 931,535	\$ -
Resources (Inflows)				
Property taxes	427,400	427,400	422,031	(5,369)
State sources	-	488,130	441,483	(46,647)
Investment income	27,700	27,700	24,827	(2,873)
Other	510,275	41,545	54,285	12,740
Transfers from other funds	-	457,360	457,360	-
Amounts available for appropriation	965,375	1,442,135	1,399,986	(42,149)
Charges to Appropriations (Outflows)				
Recreation and culture	354,840	330,840	322,955	7,885
Capital outlay	930,425	1,301,095	1,073,814	227,281
Debt service	4,100	4,100	4,074	26
Transfers to other funds	-	419,000	419,000	-
Total charges to appropriations	1,289,365	2,055,035	1,819,843	235,192
Fund Balance - End of year	\$ 607,545	\$ 318,635	\$ 511,678	\$ 193,043

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Fire Restricted/Designated Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 49,112	\$ 49,112	\$ 49,112	\$ -
Resources (Inflows)				
Investment income	500	500	251	(249)
Other	<u>4,700</u>	<u>5,300</u>	<u>5,057</u>	<u>(243)</u>
Amounts available for appropriation	5,200	5,800	5,308	(492)
Charges to Appropriations (Outflows)				
Public safety	-	600	-	600
Capital outlay	<u>45,000</u>	<u>45,000</u>	<u>44,544</u>	<u>456</u>
Total charges to appropriations	<u>45,000</u>	<u>45,600</u>	<u>44,544</u>	<u>1,056</u>
Fund Balance - End of year	<u><u>\$ 9,312</u></u>	<u><u>\$ 9,312</u></u>	<u><u>\$ 9,876</u></u>	<u><u>\$ 564</u></u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Police Restricted/Designated Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 65,533	\$ 65,533	\$ 65,533	\$ -
Resources (Inflows)				
State sources	20,000	20,000	9,334	(10,666)
Investment income	2,500	2,500	477	(2,023)
Other	-	-	13,090	13,090
Amounts available for appropriation	22,500	22,500	22,901	401
Charges to Appropriations (Outflows)				
Public safety	22,500	22,500	9,719	12,781
Fund Balance - Beginning of year	<u>\$ 65,533</u>	<u>\$ 65,533</u>	<u>\$ 78,715</u>	<u>\$ 13,182</u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Cable TV Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 142,903	\$ 142,903	\$ 142,903	\$ -
Resources (Inflows)				
Investment income	7,000	7,000	778	(6,222)
Charges for services	<u>352,180</u>	<u>352,180</u>	<u>353,782</u>	<u>1,602</u>
Amounts available for appropriation	359,180	359,180	354,560	(4,620)
Charges to Appropriations (Outflows)				
Recreation and culture	337,530	367,530	315,494	52,036
Capital outlay	<u>32,000</u>	<u>39,000</u>	<u>33,253</u>	<u>5,747</u>
Total charges to appropriations	<u>369,530</u>	<u>406,530</u>	<u>348,747</u>	<u>57,783</u>
Fund Balance - End of year	<u><u>\$ 132,553</u></u>	<u><u>\$ 95,553</u></u>	<u><u>\$ 148,716</u></u>	<u><u>\$ 53,163</u></u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Township Improvement Revolving Fund Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 941,249	\$ 941,249	\$ 941,249	\$ -
Resources (Inflows)				
Special assessments	110,000	110,000	163,533	53,533
Investment income	33,000	33,000	18,581	(14,419)
Other	-	-	1,410	1,410
Amounts available for appropriation	143,000	143,000	183,524	40,524
Charges to Appropriations (Outflows)				
Public works	-	20,000	-	20,000
Capital outlay	30,000	90,000	82,964	7,036
Transfers to other funds	25,000	25,000	25,000	-
Total charges to appropriations	55,000	135,000	107,964	27,036
Fund Balance - End of year	<u>\$ 1,029,249</u>	<u>\$ 949,249</u>	<u>\$ 1,016,809</u>	<u>\$ 67,560</u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Community Needs Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 8,307	\$ 8,307	\$ 8,307	\$ -
Resources (Inflows)				
Investment income	150	150	58	(92)
Other	<u>9,500</u>	<u>9,500</u>	<u>7,807</u>	<u>(1,693)</u>
Amounts available for appropriation	9,650	9,650	7,865	(1,785)
Charges to Appropriations (Outflows)				
Health and welfare	<u>9,500</u>	<u>9,500</u>	<u>7,514</u>	<u>1,986</u>
Fund Balance - End of year	<u><u>\$ 8,457</u></u>	<u><u>\$ 8,457</u></u>	<u><u>\$ 8,658</u></u>	<u><u>\$ 201</u></u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - Grants Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 38,586	\$ 38,586	\$ 38,586	\$ -
Resources (Inflows)				
Federal sources	20,000	20,000	10,948	(9,052)
Investment income	<u>500</u>	<u>500</u>	<u>210</u>	<u>(290)</u>
Amounts available for appropriation	20,500	20,500	11,158	(9,342)
Charges to Appropriations (Outflows)				
Public safety	5,500	5,500	9,250	(3,750)
Capital outlay	15,000	15,000	2,200	12,800
Residual equity transfer	<u>-</u>	<u>-</u>	<u>512</u>	<u>(512)</u>
Total charges to appropriations	<u>20,500</u>	<u>20,500</u>	<u>11,962</u>	<u>8,538</u>
Fund Balance - End of year	<u><u>\$ 38,586</u></u>	<u><u>\$ 38,586</u></u>	<u><u>\$ 37,782</u></u>	<u><u>\$ (804)</u></u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Special Revenue Fund - CATA Millage Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Property taxes	261,800	261,800	259,288	(2,512)
Charges to Appropriations (Outflows)				
Other	261,800	261,800	259,288	2,512
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Debt Service Fund - Proctor Drain Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 48,221	\$ 48,221	\$ 48,221	\$ -
Resources (Inflows)				
Special assessments	20,000	20,000	-	(20,000)
Investment income	3,000	3,000	1,241	(1,759)
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>73,680</u>	<u>23,680</u>
Amounts available for appropriation	73,000	73,000	74,921	1,921
Charges to Appropriations (Outflows)				
Debt service	<u>141,480</u>	<u>141,480</u>	<u>141,479</u>	<u>1</u>
Fund Balance - End of year	<u>\$ (20,259)</u>	<u>\$ (20,259)</u>	<u>\$ (18,337)</u>	<u>\$ 1,922</u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Debt Service Fund - Public Safety Buildings Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 58,555	\$ 58,555	\$ 58,555	\$ -
Resources (Inflows)				
Property taxes	203,300	203,310	200,590	(2,720)
Investment income	<u>3,000</u>	<u>3,000</u>	<u>359</u>	<u>(2,641)</u>
Amounts available for appropriation	206,300	206,310	200,949	(5,361)
Charges to Appropriations (Outflows)				
Debt service	<u>226,750</u>	<u>226,760</u>	<u>226,756</u>	<u>4</u>
Fund Balance - End of year	<u><u>\$ 38,105</u></u>	<u><u>\$ 38,105</u></u>	<u><u>\$ 32,748</u></u>	<u><u>\$ (5,357)</u></u>

The budget is shown in more detail than the adopted budget.

Charter Township of Meridian, Ingham County, Michigan

Other Supplemental Information Budgetary Comparison Schedule Debt Service Fund - Central Park Drive Year Ended December 31, 2003

	Original Budget	Final Budget	Actual	Variance with Final Budget
Fund Balance - Beginning of year	\$ 88,942	\$ 88,942	\$ 88,942	\$ -
Resources (Inflows)				
Special assessments	160,000	160,005	142,836	(17,169)
Investment income	<u>20,500</u>	<u>20,500</u>	<u>13,945</u>	<u>(6,555)</u>
Amounts available for appropriation	180,500	180,505	156,781	(23,724)
Charges to Appropriations (Outflows)				
Debt service	<u>176,900</u>	<u>176,905</u>	<u>177,165</u>	<u>(260)</u>
Fund Balance - End of year	<u><u>\$ 92,542</u></u>	<u><u>\$ 92,542</u></u>	<u><u>\$ 68,558</u></u>	<u><u>\$ (23,984)</u></u>

The budget is shown in more detail than the adopted budget.

Statistical Section

Charter Township of Meridian Ingham County, Michigan

General Governmental Expenditures by Function ¹ Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Health and Welfare	Recreation and Cultural	Legislative	Debt Service	Other	Total
1994	\$ 2,616,960	\$ 5,633,909	\$ 414,553	\$ 46,009	\$ 422,564	\$ 130,740	\$ 1,668,916	\$ 441,768	\$ 11,375,419
1995	2,712,592	5,624,420	281,774	51,471	397,209	141,078	862,132	616,033	10,686,709
1996	3,100,773	6,452,111	137,046	43,873	429,850	169,406	749,304	770,924	11,853,287
1997	3,107,859	6,347,979	122,578	47,330	463,015	138,856	715,112	1,014,127	11,956,856
1998	3,198,109	6,743,720	492,795	45,261	540,570	132,024	664,458	301,106	12,118,043
1999	3,226,751	7,789,236	338,007	43,733	859,045	256,861	704,539	118,709	13,336,881
2000	3,403,248	7,802,896	499,850	49,913	1,084,064	184,495	640,048	465,336	14,129,850
2001	3,592,988	8,391,295	756,994	61,931	1,177,025	257,254	776,470	1,658,883	16,672,840
2002	3,951,472	8,596,661	278,634	70,165	1,285,942	115,320	710,654	850,322	15,859,170
2003	3,893,610	8,870,662	1,125,744	57,580	1,362,731	193,245	675,692	2,378,400	18,557,664

¹ Includes general, special revenue, and debt service funds.

Charter Township of Meridian Ingham County, Michigan

General Governmental Revenue by Source ² Last Ten Fiscal Years

Fiscal Year	Property Taxes	Licenses and Permits	Inter- Governmental	Charges for Services	Investment Income	Special Assessments	Franchise Fees	Other	Total
1994	\$ 6,150,436	\$ 276,873	\$ 2,626,085	\$ 954,225	\$ 359,514	\$ 236,272	\$ -	\$ 389,060	\$ 10,992,465
1995	6,090,969	351,874	2,664,985	1,032,973	422,941	163,088	205,835	436,762	11,369,427
1996	6,318,108	306,939	3,029,641	1,233,792	497,138	307,381	234,154	332,650	12,259,803
1997	6,607,484	272,046	2,969,936	1,294,503	447,849	225,920	237,430	296,384	12,351,552
1998	6,873,159	296,251	3,062,222	1,270,199	600,988	332,573	259,912	569,385	13,264,689
1999	7,394,030	268,744	3,316,173	1,362,319	323,034	278,950	273,217	344,557	13,561,024
2000	8,025,973	414,681	3,632,689	1,480,864	875,153	207,634	302,507	401,455	15,340,956
2001	9,045,602	415,028	4,004,877	1,514,608	779,975	455,276	321,103	486,332	17,022,801
2002	9,660,106	309,987	3,682,036	1,729,494	565,324	345,294	330,089	570,072	17,192,402
2003	10,373,270	302,947	3,789,592	1,909,142	234,584	324,974	352,548	518,989	17,806,046

² Includes general, special revenue, and debt service funds.

Charter Township of Meridian Ingham County, Michigan

Property Tax Data Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Collections	Percent of Levy	Delinquent Taxes	Percent of Levy
1993	\$ 5,701,510	\$ 5,652,654	99.15	\$ 5,139	\$ 5,657,793	99.24	N/A	N/A
1994	5,743,507	5,713,481	99.48	456	5,713,937	99.49	N/A	N/A
1995	5,940,410	5,891,435	99.18	2,410	5,893,845	99.22	N/A	N/A
1996	6,211,783	6,172,856	99.37	8,467	6,181,323	99.51	22,870	0.003
1997	6,475,387	6,183,950	95.50	26,427	6,210,377	95.91	265,000	4.090
1998	7,434,633	7,046,534	94.78	24,204	7,070,738	95.11	368,155	4.952
1999	8,521,504	8,107,682	95.14	19,654	8,127,336	95.37	413,822	4.856
2000	9,081,805	8,652,432	95.27	25,526	8,677,958	95.55	429,373	4.728
2001	9,168,434	8,776,345	95.72	36,694	8,813,039	96.12	392,089	4.277
2002	9,729,776	9,250,870	95.08	42,639	9,293,509	95.52	478,906	4.922

Note: Tax year falls one year prior to the fiscal year in which the taxes are budgeted. For example, the 2002 taxes become revenue of the fiscal year ended December 31, 2003.

Charter Township of Meridian Ingham County, Michigan

Property Tax Data Property Values and Millage Rates Last Ten Fiscal Years

Property Values (in Thousands) **					Millage Rates								
Tax Year	Estimated Actual Value			Taxable Value ***	Ratio	Schools *				Ingham Intermediate	Lansing		
										School District	College		
	Value	Value ***		Township	County	Okemos	Haslett	Williamston	East Lansing	(IISD)	(LCC)		
1994	\$	1,680,952	\$	840,476	0.50	6.6533	8.9130	11.6000	13.6300	11.3000	11.5000	6.1977	3.1880
1995		1,728,321		864,161	0.50	6.6533	8.8928	11.6000	13.6300	11.3000	11.8900	6.1977	2.9355
1996		1,843,938		892,852	0.48	6.6533	8.7623	11.6000	13.6300	13.3000	11.8900	6.9177	2.9355
1997		1,931,053		933,666	0.48	6.6533	8.7623	11.6000	13.6300	13.3000	12.2871	6.1977	2.9355
1998		2,092,501		988,110	0.47	6.5533	10.1883	14.8000	15.8150	15.6500	14.5950	6.1977	2.9355
1999		2,446,634		1,051,345	0.43	6.5533	10.1438	11.6000	14.4800	13.3000	12.5080	6.1618	2.9223
2000		2,617,026		1,121,965	0.43	7.3329	10.4177	11.5985	14.4688	13.3000	15.4349	6.1354	2.9106
2001		2,833,688		1,247,541	0.44	7.2856	10.4348	12.0984	15.8656	13.3000	15.4205	6.1042	3.8926
2002		3,101,301		1,329,045	0.43	7.3317	11.6815	12.1966	15.1546	13.3000	15.3491	6.0738	3.8733
2003		3,330,818		1,390,845	0.42	7.2602	12.2489	12.0051	14.1440	12.3000	14.2285	6.0553	3.8544

* Millage rates are shown at homestead rates. Nonhomestead rates are an additional 18 mills.

** Property values include Act 198 abated properties, stated at 50 percent of assessed value.

*** Taxable values prior to 1995 were assessed at 50 percent of true cash value. Beginning with the 1995 assessments, the taxable value is limited by the lesser of: inflation, growth in true cash value, or 5 percent.

Charter Township of Meridian Ingham County, Michigan

Principal Taxpayers December 31, 2003

#	Principal Taxpayer	Type of Business	2002 Taxable Value	Percent of Total Taxable Value
1	Eyde	Commercial developer	\$ 36,915,621	2.65
2	Meridian Mall LTD	Retail	22,721,413	1.63
3	Consumers Energy	Utility	17,276,454	1.24
4	United Dominion Realty Trust	Real Estate	14,668,783	1.05
5	Sparrow Development, Inc.	Healthcare	13,162,050	0.95
6	Dayton Hudson Corporation	Retail	8,004,930	0.58
7	Meijer, Inc.	Retail	6,562,742	0.47
8	AIMCO	Apartments	5,384,976	0.39
9	Alltel	Communications	4,623,500	0.33
10	Home Depot USA Inc.	Retail	4,453,715	0.32

Charter Township of Meridian Ingham County, Michigan

Special Assessment Billings and Collections December 31, 2003

<u>Fiscal Year</u>	<u>Current Special Assessment Installment Due</u>	<u>Current Special Assessment Collection</u>	<u>Ratio of Collections to Amount Due</u>
1994	\$ 213,559	\$ 239,097	111.9
1995	245,155	163,223	66.6
1996	241,855	307,381	127.1
1997	235,695	325,920	95.9
1998	222,274	332,573	149.6
1999	317,150	365,756	115.3
2000	292,313	284,767	97.4
2001	320,109	440,762	137.7
2002	260,897	303,592	116.4
2003	271,863	342,243	125.9

Charter Township of Meridian Ingham County, Michigan

Computation of Legal Debt Margin December 31, 2003

Taxable value subject to property tax	<u>\$ 1,390,844,599</u>
Legal debt margin - 10%	\$ 139,084,460
Debt applicable to limitation:	
Total General Long-Term Debt Account Group	3,356,181
Less special assessment debt	(160,000)
Less contractual adjustments	(1,265,763)
Less employee compensated absences	<u>(635,418)</u>
Total debt applicable to limitation	<u>1,295,000</u>
Legal debt margin	<u>\$ 137,789,460</u>

Computation of Direct and Overlapping Debt

	<u>Debt Outstanding</u>	<u>Percent Applicable to Township</u>	<u>Amount Applicable to Township</u>
Direct - Meridian Township	\$ 3,555,372	100.00	\$ 3,555,372
Overlapping:			
East Lansing-Meridian Water and Sewer Authority	700,000	61.51	430,570
East Lansing Schools	84,557,893	15.95	13,486,984
Haslett Schools	70,532,949	73.11	51,566,639
Okemos Schools	49,108,000	88.87	43,642,280
Williamston Schools	32,597,876	9.33	3,041,382
Ingham County	38,539,821	21.42	8,255,230
Ingham Intermediate School District	855,000	18.31	156,551
Lansing Community College	<u>61,755,000</u>	15.40	<u>9,510,270</u>
Total overlapping	<u>338,646,539</u>		<u>130,089,905</u>
Total	<u>\$ 342,201,911</u>		<u>\$ 133,645,277</u>

Charter Township of Meridian Ingham County, Michigan

Ratio of Debt to Taxable Value and Debt Per Capita December 31, 2003

	General Long-Term Debt *	Less Debt Service Fund	Net Debt	Taxable Value (Thousands)	Ratio of Net Debt to Taxable Value (%)	Population	Net Debt Per Capita
1994	\$ 2,983,938	\$ 2,505,000	\$ 478,938	\$ 840,476	0.06	35,644	13
1995	2,789,195	2,395,000	394,195	864,161	0.05	35,644	11
1996	2,602,252	2,285,000	317,252	892,852	0.04	35,644	9
1997	2,398,482	2,175,000	223,482	933,666	0.02	35,644	6
1998	2,247,812	2,070,000	177,812	988,110	0.02	35,644	5
1999	2,080,411	1,945,000	135,411	1,051,345	0.01	35,644	4
2000	1,885,994	1,775,000	110,994	1,121,965	0.01	39,116	3
2001	2,463,851	1,610,000	853,851	1,247,541	0.07	39,116	22
2002	2,237,201	1,450,000	787,201	1,329,045	0.06	39,125	20
2003	2,560,763	1,295,000	1,265,763	1,390,845	0.09	39,116	32

Ratio of Governmental Fund Debt Service to Total Expenditures

	Principal	Interest	Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Expenditures
1994	\$ 185,000	\$ 145,920	\$ 330,920	\$ 12,210,998	2.71
1995	167,911	150,774	318,685	11,292,087	2.82
1996	215,030	143,525	358,555	11,867,963	3.02
1997	203,779	127,629	331,408	11,994,929	2.76
1998	145,661	118,832	264,493	12,118,043	2.19
1999	158,368	59,522	217,890	13,336,881	1.63
2000	156,824	48,343	205,167	14,129,850	1.45
2001	264,804	68,347	333,151	16,672,840	2.00
2002	226,650	100,210	326,860	15,859,170	2.06
2003	226,797	113,016	339,813	18,557,664	1.83

* General long-term debt includes all general obligation bonds and contracts, but excludes special assessment bonds, debt payable from enterprise revenue, and employee compensation absences.

Charter Township of Meridian Ingham County, Michigan

Revenue Bond Coverage December 31, 2003

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1994	\$ 5,167,488	\$ 3,728,238	\$ 1,439,250	\$ 410,000	\$ 103,648	\$ 513,648	2.80
1995	5,374,396	4,027,167	1,347,229	445,000	91,348	536,348	2.51
1996	5,507,206	4,614,980	892,226	445,000	76,440	521,440	1.71
1997	5,375,124	4,268,839	1,106,285	480,000	59,160	539,160	2.05
1998	5,814,661	4,843,668	970,993	515,000	49,375	564,375	1.72
1999	6,102,035	4,689,035	1,413,000	490,000	39,885	529,885	1.37
2000	5,747,452	5,092,587	654,865	-	-	-	N/A
2001	6,106,902	5,636,174	470,728	-	-	-	N/A
2002	7,264,105	5,738,700	1,525,405	-	-	-	N/A
2003	7,353,143	5,772,265	1,580,878	-	-	-	N/A

(1) Total enterprise funds revenue including interest.

(2) Total enterprise funds operating expenses exclusive of depreciation.

(3) Includes principal and interest of revenue bonds only.

Charter Township of Meridian Ingham County, Michigan

Miscellaneous Statistics Construction and Property Values December 31, 2003

	Building Permits		Property Values (Taxable Value) (in Thousands)		
	Number of Permits	Estimated Value (in Thousands)	Residential	Agricultural, Commercial, and Industrial	Total Taxable Value
1994	946	\$ 43,874,482	\$ 595,848	\$ 244,628	\$ 840,476
1995	907	58,406,782	617,485	246,676	864,161
1996	952	49,610,454	644,820	248,032	892,852
1997	980	42,913,765	679,758	253,908	933,666
1998	1,111	47,396,093	667,083	321,027	988,110
1999	989	40,562,658	799,776	251,569	1,051,345
2000	976	64,074,927	846,199	318,233	1,164,432
2001	940	64,320,040	902,611	344,920	1,247,531
2002	1,032	54,981,478	964,273	364,772	1,329,045
2003	1009	44,530,553	1,011,493	379,352	1,390,845

Demographic Statistics

	Federal Census Year			
	2000	1990	1980	1970
Population	39,125	35,644	28,735	23,827
Per-capita income	\$ 32,190	\$ 16,679	\$ 10,747	\$ 4,362
Median age	35.4	32.3	28.1	26.1
Education level, in years of schooling:				
Percentage of persons over 25 years of age				
with high school or higher education	95.6%	93.1%	89.0%	79.3%
Percentage of persons over 25 years of age				
with a bachelors degree or higher education	59.9%	52.9%	47.1%	N/A
School enrollment K-12	7,280	6,514	5,173	5,375
Unemployment rate	1.8%	3.1%	6.2%	5.7%

Charter Township of Meridian Ingham County, Michigan

Miscellaneous Statistics (Continued) Other Statistics December 31, 2003

Date of Township formation	1842	
Date of Charter Township adoption	1959	
Area in square miles	32	
Number of employees	187	
Police protection:		
Number of stations	1	
Number of police personnel	52	
Number of physical arrests	1,561	
Number of traffic and parking violations	7,654	
Fire protection:		
Fire coverage is provided through:		
Number of stations	3	
Number of fire personnel	42	
Number of ambulance calls answered	2,513	
Number of fire calls answered	1,034	
Water and sewage system:		
Miles of water mains	151	
Number of water customers	12,500	
Annual water consumption	1,419	million gallons
Miles of sanitary sewer lines	130	
Number of sewer customers	12,500	

Charter Township of Meridian Ingham County, Michigan

Report to the Township Board

December 31, 2003

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Charter Township of Meridian Ingham County, Michigan

Report to the Township Board

December 31, 2003

To the Township Board
Charter Township of Meridian
Ingham County, Michigan

We recently completed our audit of the December 31, 2003 financial statements of the Charter Township of Meridian, Ingham County, Michigan. In addition to our report on the financial statements, we would like to present the matters outlined in this report as recommendations for enhancements to the existing internal controls and efficiency of your Organization. These recommendations and informational comments are presented as outlined below:

TITLE	PAGE
Recommendations	
Performance Deposits Payable	2
Tax Allocation	2
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This report is intended solely for the information and use of the Township Board, management, and others within the Township.

We are grateful for the opportunity to be of service to the Charter Township of Meridian. Should you have any questions regarding the implementations of these comments, please do not hesitate to call.

Plante & Moran, PLLC

April 30, 2004

**Charter Township of Meridian
Ingham County, Michigan
Recommendations
December 31, 2003**

Performance Deposits Payable

The Township records payments received as performance guarantees in the general ledger as performance deposits payable. This account has not been reconciled on a regular basis and a significant adjustment was required at year end. We recommend that the Township follow up with each department and legal counsel to determine if the constituents initiating the projects are still eligible to receive a performance deposit refund.

Tax Allocation

As a result of testing property tax collections, we determined that some taxes were misallocated to the Land Preservation Millage Fund at December 31, 2003. It was discovered that the difference was due to a software error in December 2002. The tax collection system was originally coded so that tax payments for a particular governmental agency were incorrectly recorded as Land Preservation Millage. Although this error was corrected in early January 2003, the collections from December 2002 were not adjusted until audit time. The tax collection system should be periodically reviewed, especially before each tax collection period, to ensure that each levy is being recorded in the appropriate account.

Utility Billing Revenue and Receivables

The water gallons purchased during 2003 appeared unexpectedly high in relation to the 2003 water gallons billed. Often times this is a result of a water loss somewhere in the system (calculated at 8% for 2003). As discussed with and agreed to by management, a process will be created whereas an on-going analysis will occur between the Engineering Department, Water Distribution and Maintenance Division, and the Finance Department in efforts to identify variances.

As an additional control over the utility billing process, the utility billing receivable accounts should be reconciled to the general ledger at least quarterly to ensure that the Township is collecting the proper amounts that were billed.

**Charter Township of Meridian
Ingham County, Michigan
Recommendations
December 31, 2003**

General Ledger Budget

We obtained the 2003 original and final budgets as approved by the Township Board and noticed certain Board approved functional line items within the General Fund and Special Revenue Funds that differed from the numbers that were reported in the electronic general ledger at year end. These differences were not material; however, in order for the budget to be utilized as a tool to the fullest extent by all of the departments, the approved budgets need to be accurately reflected within the general ledger.